



**Date:** July 18, 2017

**To:** State Legislative Committee

**From:** Patrick H. West, City Manager *T.H.W.*

**Subject:** **SB 174 (Lara) Public Utilities: Settlement: 2015 Power Outages**

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**Introduction**

The City of Long Beach is sponsoring State legislation to authorize the State of California to transfer penalties paid by Southern California Edison (SCE) to the California Public Utilities Commission (CPUC) as a result of the power outages in the summer of 2015, instead, to the City of Long Beach. Funds transferred to the City will be restricted to energy efficiency projects at City-owned facilities located within the affected areas. For more information on SB 174, please see the attached fact sheet, letter of support and bill text.

**Background**

In July and August 2015, during a period of high temperatures and high electrical demand, SCE's network serving downtown Long Beach experienced multiple power outages. Among the most notable were a five-day outage from July 15 to July 20, 2015 and a four-day outage from July 30 to August 3, 2015. The power outages primarily affected 3,825 customers, but at times extended to 30,000 customers. These power outages coincided with fires in SCE's underground structures, resulting in underground explosions that significantly lifted manhole covers into the air.

Immediately after the power outages, the CPUC initiated an investigation. Based on this investigation, the CPUC released a draft settlement agreement (Settlement Agreement), which would require SCE to pay a penalty of \$4 million to the CPUC and invest \$11 million in enhancements to SCE's own electrical system with the goal of reducing the chance of injury to the public, the number of power outages, and the risk of fire if SCE conductors should fail or become overloaded. The only two parties to this Settlement Agreement are the CPUC and SCE.

While there is precedence for transferring penalty funds to the affected areas, this practice is not widely supported by the State legislature. Legislative committees have noted that while the CPUC has extensive authority to issue fines and penalties in enforcement actions against all regulated entities, those penalties have long been required to be deposited to the State's General Fund to "maintain regulator neutrality and thwart potential bias in the assessment of the penalties".

**Problem**

While the CPUC has the authority to levy penalties against SCE, the CPUC does not have authority to transfer penalty revenues to the City of Long Beach. Existing State law dictates that penalty funds received by the CPUC shall be deposited into the State's General Fund. While SCE paid the City \$470,800 for staff response to the

power outages, this amount merely covers the City's cost for direct labor, materials and supplies, but it does not address community impacts from the power outage.

**Solution**

SB 174 (Lara) is needed to transfer settlement funds paid by SCE to the CPUC, instead, to the City of Long Beach for energy efficiency projects at City-owned facilities located within the area affected by the power outages.

**Next Steps**

SB 174 will be heard in the Senate Committee on Energy, Utilities and Communications on July 18, 2017.

For more information, please contact Diana Tang, Manager of Government Affairs at 8-6506.

cc: Mayor and Members of the City Council  
Charles Parkin, City Attorney  
Laura Doud, City Auditor  
Monique De La Garza, City Clerk  
Tom Modica, Assistant City Manager  
Kevin Jackson, Deputy City Manager  
All Department Directors  
Rebecca Jimenez, Assistant to the City Manager  
Diana Tang, Manager of Government Affairs

Attachment  
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## **PUBLIC UTILITIES: SETTLEMENT: 2015 POWER OUTAGES**

### **SB 174 (LARA) FACT SHEET**

July 2017

#### **Introduction**

The City of Long Beach is sponsoring legislation to authorize the State of California to transfer settlement funds paid by Southern California Edison (SCE) to the California Public Utilities Commission (CPUC), instead, to the City of Long Beach for energy efficiency projects at City-owned facilities located within the area affected by the power outages.

#### **Background**

In July and August 2015, during a period of high temperatures and high electrical demand, SCE's network serving downtown Long Beach experienced multiple power outages. Among the most notable were a five-day outage from July 15 to July 20, 2015 and a four-day outage from July 30 to August 3, 2015. The power outages primarily affected 3,825 customers, but at times extended to 30,000 customers. These power outages coincided with failures at SCE's electrical facilities, which caused fires in the utility's underground structures, resulting in underground explosions that significantly lifted manhole covers into the air.

Immediately after the power outages, the CPUC initiated an investigation. Based on this investigation, the CPUC has released a draft settlement agreement (Settlement Agreement), which would require SCE to pay a penalty of \$4 million to the CPUC and invest \$11 million into enhancements to SCE's own electrical system with the goal of reducing the chance of injury to the public, the number of power outages, and the risk of fire if SCE conductors should fail or become overloaded. The only two parties to this Settlement Agreement are the CPUC and SCE.

#### **Problem**

While the CPUC may levy penalties against SCE, the CPUC does not have authority to transfer penalty revenue to the City of Long Beach; rather existing State law dictates these funds be deposited into the State's General Fund. SCE's compensation to the City of Long Beach amounted to \$470,800. This amount covers the City's cost of direct labor, and materials and supplies associated with response to the outage but it does not address any of the community impacts from the power outage.

#### **Solution**

While the CPUC has the authority to levy penalties against SCE, the CPUC does not have authority to transfer penalty revenues to the City of Long Beach. Existing State law dictates that penalty funds received by the CPUC shall be deposited into the State's General Fund. While SCE will pay the City \$470,800 for staff response to the power outages, this amount merely covers the City's cost for direct labor, materials and supplies, but it does not address community impacts from the power outage.

#### **Next Steps**

SB 174 will be heard in the Senate Committee on Energy, Utilities, and Communications on July 18, 2017.





**MAYOR ROBERT GARCIA**  
CITY OF LONG BEACH

July 12, 2017

The Honorable Ben Hueso  
California State Senate, Committee on Energy, Utilities and Communications  
State Capitol, Room 4035  
Sacramento, CA 95814

**Re: Support for SB 174 (Lara) - Public utilities: settlement: 2015 power outages: City of Long Beach**

Dear Chairman Hueso:

On behalf of the City of Long Beach, I write in strong support of SB 174 (Lara). This legislation is needed to transfer penalties paid by Southern California Edison (SCE) to the California Public Utilities Commission (CPUC) for unexpected power outages in the City of Long Beach from July 15 to July 20, 2015, and July 30 to August 3, 2015, to the City of Long Beach for public infrastructure projects that reduce greenhouse gas emissions or promote energy efficiency in the areas affected by the power outages.

SCE's multiple-day power outages adversely impacted 30,000 customers during the summer of 2015. As a result of these events, the City of Long Beach has been made aware that SCE will soon enter into a Settlement Agreement with the CPUC. Because the CPUC does not currently have the authority to transfer settlement funds to the affected local government – in this case, the City of Long Beach – State legislation is necessary.

SB 174 enables the CPUC to transfer penalty funds paid by SCE to the CPUC, to the City of Long Beach for the benefit of communities affected by the power outages in 2015. This bill is needed to coincide with the CPUC's approval of the Settlement Agreement so that resources benefiting the affected community can be immediately available to the communities directly impacted by SCE's power outages.

Given these reasons, the City of Long Beach is proud to sponsor SB 174. Thank you for authoring this legislation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Garcia", is written over a horizontal line.

Mayor Robert Garcia  
City of Long Beach

cc: The Honorable Speaker Anthony Rendon, State Assembly  
The Honorable Ricardo Lara, State Senate, 33<sup>rd</sup> District  
The Honorable Steven Bradford, State Senate, 35<sup>th</sup> District  
The Honorable Janet Nguyen, State Senate, 34<sup>th</sup> District  
The Honorable Mike Gipson, State Assembly, 64<sup>th</sup> District  
The Honorable Patrick O'Donnell, State Assembly, 70<sup>th</sup> District  
California State Senate, Committee on Energy, Utilities and Communications

AMENDED IN SENATE JULY 10, 2017  
AMENDED IN SENATE MARCH 29, 2017

**SENATE BILL**

**No. 174**

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**Introduced by ~~Senators Lara and Leyva~~ Senator Lara  
(~~Coauthor: Senator Beall~~)**

January 23, 2017

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~~An act to amend Section 4156 of, and to add Section 4000.15 to, the Vehicle Code, relating to vehicles. An act relating to public utilities, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 174, as amended, Lara. ~~Diesel-fueled vehicles: registration. Public utilities: settlement: 2015 power outages: City of Long Beach.~~

*Existing law establishes the Public Utilities Commission and vests the commission with regulatory jurisdiction and authority over public utilities, including electrical corporations. Existing law places various responsibilities upon the commission to ensure that public utility services are provided in a manner that protects the public safety and the safety of utility employees.*

*This bill would appropriate moneys resulting from a settlement agreement between Southern California Edison Company and the commission for power outages that occurred in the City of Long Beach in the summer of 2015 to the City of Long Beach for certain public infrastructure projects located in, or benefitting, areas affected by the outages.*

*This bill would make legislative findings and declarations as to the necessity of a special statute for the City of Long Beach.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing law prohibits a person from driving, moving, or leaving standing upon a highway any motor vehicle, as defined, that has been registered in violation of provisions regulating vehicle emissions.~~

~~This bill, effective January 1, 2020, would require the Department of Motor Vehicles to confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements, pursuant to specified provisions. The bill would require the department to refuse registration, or renewal or transfer of registration, for certain diesel-fueled vehicles, based on weight and model year, that are subject to specified provisions relating to the reduction of emissions of diesel particulate matter, oxides of nitrogen, and other criteria pollutants from in-use diesel-fueled vehicles. The bill would authorize the department to allow registration, or renewal or transfer of registration, for any diesel-fueled vehicle that has been reported to the State Air Resources Board, and is using an approved exemption, or is compliant with applicable air pollution control technology requirements, pursuant to specified provisions.~~

~~Existing law authorizes the department, in its discretion, to issue a temporary permit to operate a vehicle when a payment of fees has been accepted in an amount to be determined by the department and paid to the department by the owner or other person in lawful possession of the vehicle.~~

~~This bill would additionally authorize the department to issue a temporary permit to operate a vehicle for which registration is otherwise required to be refused under the provisions of the bill, as prescribed. The bill would specify that only one temporary permit may be issued for a vehicle pursuant to these provisions unless the State Air Resources Board approves otherwise.~~

Vote: majority <sup>2</sup>/<sub>3</sub>. Appropriation: no-yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 *SECTION 1. Moneys received by the Public Utilities*
- 2 *Commission pursuant to the "Settlement Agreement Between*
- 3 *Southern California Edison Company and the Safety and*

*Enforcement Division of the California Public Utilities Commission Resolving Order Instituting Investigation I. 16-07-007” are hereby appropriated to the City of Long Beach to be expended for public infrastructure projects that reduce the emissions of greenhouse gases or promote energy efficiency and that are located in, or benefitting, the areas affected by Southern California Edison Company’s power outages in the City of Long Beach on July 15 to July 20, 2015 and on July 20 to August 3, 2015.*

*SEC. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances in the City of Long Beach and the effects of the power outages of the summer of 2015.*

*SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:*

*To ensure proceedings from the settlement agreement between Southern California Edison Company and the Public Utilities Commission for the power outages occurring in the summer of 2015 are provided to the City of Long Beach for public infrastructure projects located in, or benefitting, areas affected by the outage in an expeditious manner, it is necessary for this measure to take effect immediately.*

~~SECTION 1. Section 4000.15 is added to the Vehicle Code, to read:~~

~~4000.15. (a) Effective January 1, 2020, the department shall confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements pursuant to Division 26 (commencing with Section 39000) of the Health and Safety Code and regulations of the State Air Resources Board adopted pursuant to that division.~~

~~(b) Except as otherwise provided in subdivision (c), for diesel-fueled vehicles subject to Section 43018 of the Health and Safety Code, as applied to the reduction of emissions of diesel particulate matter, oxides of nitrogen, and other criteria pollutants from in-use diesel-fueled vehicles, and Section 2025 of Title 13~~

1 of the California Code of Regulations as of January 1, 2017, or as  
2 subsequently amended:

3 (1) ~~The department shall refuse registration, or renewal or~~  
4 ~~transfer of registration, for a diesel-fueled vehicle with a gross~~  
5 ~~vehicle weight rating of 14,001 pounds to 26,000 pounds for the~~  
6 ~~following vehicle model years:~~

7 (A) ~~Effective January 1, 2020, vehicle model years 2004 and~~  
8 ~~older.~~

9 (B) ~~Effective January 1, 2021, vehicle model years 2007 and~~  
10 ~~older.~~

11 (C) ~~Effective January 1, 2023, vehicle model years 2010 and~~  
12 ~~older.~~

13 (2) ~~The department shall refuse registration, or renewal or~~  
14 ~~transfer of registration, for a diesel-fueled vehicle with a gross~~  
15 ~~vehicle weight rating of more than 26,000 pounds for the following~~  
16 ~~vehicle model years:~~

17 (A) ~~Effective January 1, 2020, vehicle model years 2000 and~~  
18 ~~older.~~

19 (B) ~~Effective January 1, 2021, vehicle model years 2005 and~~  
20 ~~older.~~

21 (C) ~~Effective January 1, 2022, vehicle model years 2007 and~~  
22 ~~older.~~

23 (D) ~~Effective January 1, 2023, vehicle model years 2010 and~~  
24 ~~older.~~

25 (e) (1) ~~As determined by the State Air Resources Board,~~  
26 ~~notwithstanding effective dates and vehicle model years identified~~  
27 ~~in subdivision (b), the department may allow registration, or~~  
28 ~~renewal or transfer of registration, for a diesel-fueled vehicle that~~  
29 ~~has been reported to the State Air Resources Board, and is using~~  
30 ~~an approved exemption, or is compliant with applicable air~~  
31 ~~pollution control technology requirements pursuant to Division~~  
32 ~~26 (commencing with Section 39000) of the Health and Safety~~  
33 ~~Code and regulations of the State Air Resources Board adopted~~  
34 ~~pursuant to that division, using an approved compliance option,~~  
35 ~~such as being equipped with the required model year emissions~~  
36 ~~equivalent engine.~~

37 (2) ~~The State Air Resources Board shall notify the department~~  
38 ~~of the vehicles allowed to be registered pursuant to this subdivision.~~

39 SEC. 2. ~~Section 4156 of the Vehicle Code is amended to read:~~



1     ~~4156. (a) Notwithstanding any other provision of this code,~~  
2 ~~and except as provided in subdivision (b), the department in its~~  
3 ~~discretion may issue a temporary permit to operate a vehicle when~~  
4 ~~a payment of fees has been accepted in an amount to be determined~~  
5 ~~by, and paid to the department, by the owner or other person in~~  
6 ~~lawful possession of the vehicle. The permit shall be subject to the~~  
7 ~~terms and conditions, and shall be valid for the period of time, that~~  
8 ~~the department shall deem appropriate under the circumstances.~~

9     ~~(b) (1) The department shall not issue a temporary permit~~  
10 ~~pursuant to subdivision (a) to operate a vehicle for which a~~  
11 ~~certificate of compliance is required pursuant to Section 4000.3,~~  
12 ~~and for which that certificate of compliance has not been issued,~~  
13 ~~unless the department is presented with sufficient evidence, as~~  
14 ~~determined by the department, that the vehicle has failed its most~~  
15 ~~recent smog check inspection.~~

16     ~~(2) Only one temporary permit may be issued pursuant to this~~  
17 ~~subdivision to a vehicle owner in a two-year period.~~

18     ~~(3) A temporary permit issued pursuant to paragraph (1) is valid~~  
19 ~~for either 60 days after the expiration of the registration of the~~  
20 ~~vehicle or 60 days after the date that vehicle is removed from~~  
21 ~~nonoperation, whichever is applicable at the time that the temporary~~  
22 ~~permit is issued.~~

23     ~~(4) A temporary permit issued pursuant to paragraph (1) is~~  
24 ~~subject to Section 9257.5.~~

25     ~~(e) (1) The department may issue a temporary permit pursuant~~  
26 ~~to subdivision (a) to operate a vehicle for which registration may~~  
27 ~~be refused pursuant to Section 4000.15.~~

28     ~~(2) Only one temporary permit may be issued pursuant to this~~  
29 ~~subdivision for any vehicle, unless otherwise approved by the State~~  
30 ~~Air Resources Board.~~

31     ~~(3) A temporary permit issued pursuant to paragraph (1) is valid~~  
32 ~~for either 90 days after the expiration of the registration of the~~  
33 ~~vehicle or 90 days after the date that vehicle is removed from~~  
34 ~~nonoperation, whichever is applicable at the time the temporary~~  
35 ~~permit is issued.~~

36     ~~(4) A temporary permit issued pursuant to paragraph (1) is~~  
37 ~~subject to Section 9257.5.~~

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